

# **DOME MINES LIMITED**

## **Report to Shareholders**

For the Financial Year Ended December 31

**1971**

Including Copies of the Reports of

## **SIGMA MINES (QUEBEC) LIMITED**

(NO PERSONAL LIABILITY)

and

## **CAMPBELL RED LAKE MINES LIMITED**

FOR THE SAME PERIOD



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# **DOMINE MINES LIMITED**

## **Report to Shareholders**

For the Financial Year Ended December 31

**1971**

### **ANNUAL MEETING OF SHAREHOLDERS**

will be held

at 10:30 o'clock a.m. (Toronto time)

Monday, April 24, 1972,

Library, Royal York Hotel,

TORONTO, ONTARIO

To Canadian Shareholders:

It is the view of the management of the Company that Canadian shareholders are entitled to a depletion allowance of 15% of the dividends received by them from the Company during the year 1971 pursuant to Section 11 of the Income Tax Act and the Income Tax Regulations.



# Dome Mines Limited

(Incorporated under the laws of Canada)

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## LOCATION OF MINE AND HEAD OFFICE

South Porcupine, Ont.  
Canada

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## ADDRESS OF THE CHAIRMAN OF THE BOARD

40 Wall Street, New York, N.Y. 10005.

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## ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 105, Ont.

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## ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre,  
Toronto 111, Ont.

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## REGISTRARS

Canada Permanent Trust Company  
320 Bay Street, Toronto 105, Ont.  
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

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## TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto 105, Ont.  
The Bank of New York, 48 Wall Street, New York, N.Y. 10015.

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## AUDITORS

Clarkson, Gordon & Co. — Toronto 111, Ont.

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## VICE-PRESIDENT AND GENERAL MANAGER

Charles P. Girdwood

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## GENERAL SUPERINTENDENT — South Porcupine

Harry V. Pyke

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## DOMEXPLORATION (CANADA) LIMITED

360 Bay Street, Suite 702, Toronto 105, Ont.

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## GENERAL COUNSEL

Fasken & Calvin  
Box 30, Toronto-Dominion Centre,  
Toronto 111, Ont.

## DIRECTORS

Clifford W. Michel.....New York, N.Y.  
F. Warren Pershing.....New York, N.Y.  
A. Bruce Matthews.....Toronto, Ont.  
James B. Redpath.....Toronto, Ont.  
William F. James.....Toronto, Ont.  
William R. Biggs.....Washington, D.C.  
Allen T. Lambert.....Toronto, Ont.  
Charles P. Girdwood.....South Porcupine, Ont.  
Fraser M. Fell.....Toronto, Ont.

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## OFFICERS

Clifford W. Michel  
Chairman of the Board and Treasurer

James B. Redpath  
President

Charles P. Girdwood  
Vice-President and General Manager

Fraser M. Fell  
Secretary

James E. Alexander  
Assistant Secretary

John H. Hough  
Assistant Secretary

Adele C. Pighi  
Assistant Secretary

Edmund J. Andrecheck  
Assistant Treasurer

Harry V. Pyke  
General Superintendent

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It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	Parent Company	
	1971	1970
Tonnage Milled .....	658,000	690,400
Ounces Gold Produced .....	169,531	180,586
Average Price of Gold per ounce .....	\$35.33	\$36.51
Value of Bullion .....	\$ 6,038,114	\$ 6,664,437
Operating Costs .....	\$ 7,432,113	\$ 7,432,266
Net Income (excluding equity in undistributed earnings of subsidiary companies) .....	\$ 2,913,328	\$ 3,061,421
Net Income per share (excluding equity in undistributed earnings of subsidiary companies) .....	\$1.50	\$1.57
Net Income (including equity in undistributed earnings of subsidiary companies) .....	\$ 3,450,720	\$ 3,182,911
Net Income per share (including equity in undistributed earnings of subsidiary companies) .....	\$1.77	\$1.64
Current Assets .....	\$13,672,546	\$12,514,465
Current Liabilities .....	\$ 987,493	\$ 981,683
Working Capital .....	\$12,685,053	\$11,532,782
Investments .....	\$25,309,103	\$24,723,066
Number of Shareholders — December 31 .....	5,856	6,092
Dividends Declared .....	\$ 1,557,335	\$ 1,557,335
Dividends declared per share .....	\$0.80	\$0.80
Shares Issued .....	1,946,668	1,946,668

	Principal Subsidiary Companies	
Sigma Mines (Quebec) Limited (63% owned by Dome)		
Net Income .....	\$ 226,774	\$ 264,991
Campbell Red Lake Mines Limited (57% owned by Dome)		
Net Income .....	\$ 2,717,054	\$ 1,942,193



REPORT OF THE DIRECTORS  
of  
**Dome Mines Limited**  
(For the Financial Year Ended December 31, 1971)

Toronto, Ontario,  
February 11, 1972.

To the Shareholders of  
Dome Mines Limited:

On behalf of your Directors, the Chairman and President are pleased to submit their joint report covering the financial year ended December 31, 1971. This report includes the Balance Sheet and Statements of Income and Earned Surplus which consolidate your Company's interests in its subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In order to compare with previous Annual Reports, we include as heretofore, the parent Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Changes in Financial Position. All these statements are certified by the Auditors of the Company. Our Report also includes the Report of the General Manager and the Report of the President of Dome Exploration (Canada) Limited, our exploration subsidiary.

Consolidated Net Income aggregated \$3,450,720, or \$1.77 per share as compared with \$3,182,911 or \$1.64 per share in 1970. From these earnings, dividends of 80¢ per share were declared during the year.

The increase in net income is due to the improved earnings position of our subsidiary Campbell Red Lake Mines Limited which sold all its production on the free market benefiting from the increased price of gold, together with a 15% increase in tonnage; an additional factor was a reduction in outside exploration expenditures.

The working capital position of the Company, on a consolidated basis, increased by \$1,854,628 to a total of \$22,829,170. This strong financial position gives your Company the ability to take full advantage of any interesting mineral project which may be brought to our attention by our Exploration Department and also to continue participation in exploration of the Arctic Islands through our 1.36% interest in Panarctic Oils Ltd.

Your Company's ownership in its affiliate, Dome Petroleum Limited continues unchanged. It is equivalent to 18% on the basis of stock owned, or 22% if the 5% Subordinated Income Debentures held by Dome Mines and its subsidiaries, were converted into common stock. The 1,785,000 shares owned by Dome Mines had a market value of \$59,798,000 based on the 1971 closing bid price on the Toronto Stock Exchange compared with the cost value of \$3,206,000. Unaudited financial figures indicate that the net income (before extraordinary items) increased 23% to \$9,900,000 for the year 1971. During the year, Dome Petroleum split its common stock on a three-for-one basis which accounts for the increased number of shares mentioned above. This split also applies to the unissued shares and specifically to those shares held for conversion of the Income Debentures held by your Company. The new LPG extraction plant with rated capacity 1.5 BCF of gas per day located at Empress, Alberta, came on stream during the year.

An agreement has been made between Dome Petroleum and Consolidated Gas Supply Corporation of Pittsburgh, Texas Gas Exploration Limited and Panhandle Eastern Pipe Line Company of Houston whereby these latter companies will spend a minimum of \$30 million in exploratory drilling over a five-year period on Dome Petroleum's lands in the Arctic Islands. Dome Petroleum (excluding its Panarctic interest) has approximately 6.3 million net acres in the Arctic Islands which will be covered by this agreement. On completion of the exploration program, the Gas Companies will jointly earn 1% of Dome Petroleum's interest in each prospect drilled plus a competitive call on 75% of Dome Petroleum's share of gas discovered subject to export approval by Canadian regulatory bodies. Our affiliate maintains its 4.06% stock interest in Panarctic Oils Ltd., which continues exploration in the Arctic Islands and reported that a third major gas discovery was made on December 10th at Kristoffer Bay on Ellef Ringnes Island.

The Annual Reports of our two major subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited are bound with this report. The dividends from Campbell provide the largest single source of other income to the parent. Campbell sells all its gold on the free market and receives no benefits under the Emergency Gold Mining Assistance Act. The average price received for gold at \$42.14 per ounce was \$4.50 higher than the previous year and was one of the significant factors in improved net income of \$2,717,054 compared with \$1,942,193 in the preceding year. The net income of Sigma decreased 14% to \$226,774 due to a lower premium on the U.S. dollar and decreased E.G.M.A. benefits. It is of interest that Sigma found it advantageous to sell production for the months of November and December on the free market and forego the benefits of Cost Aid. The shares of Campbell had a market value of \$45,402,000 and a cost value of \$1,332,000; Sigma had a market value of \$2,127,000 and a cost value of \$732,000, both market values based on the 1971 closing bid price on the Toronto Stock Exchange.

For the year the Dome Mine was fully dependent on E.G.M.A. for its continued operation and benefits received averaged \$9.70 per ounce produced over the average price of \$35.33 (Canadian). The benefits under



this Act continue until June 30, 1973 and may be extended until December 31, 1975 under conditions to be announced at a later date. The proposed increase in the price of gold in the United States to \$38 will be a considerable improvement over the present \$35, but will only reinstate the gold price to the Canadian producer to the level of that prevailing in May 1970, prior to the freeing of the Canadian dollar. It is essential to the Gold Mining Industry that the Government of Canada pay the new price for gold and continue E.G.M.A. at least at present levels. The cost to the government will decline rapidly as the free market price increases and more mines sell their production on this market.

The reduction in expenditures on mineral exploration does not signify any lessening of effort but rather a change due to a cycle of geophysics and preliminary investigation of a number of properties instead of the heavy expenditures on diamond drilling and underground exploration undertaken in 1970. Exploration projects are reviewed on page eighteen of this report.

The largest part of your Company's holdings in Mattagami Lake Mines Limited and Canada Tungsten Mining Corporation Limited were acquired as a result of previous mineral exploration projects. Mattagami Lake Mines which holds a 62½% interest in a zinc refinery at Valleyfield, Quebec operated by Canadian Electrolytic Zinc Limited, paid dividends of \$1.20 per share which resulted in revenue to Dome Mines of \$480,000 in 1971.

Mattabi Mines Limited, which is 60% owned by Mattagami, expects to bring its base metal deposit in the Sturgeon Lake area into production at the rate of 3,000 tons per day during the third quarter of 1972.

Canada Tungsten Mining Corporation was affected by the world-wide drop in price and demand for tungsten concentrates. In spite of these unfavourable developments, dividends of 25¢ per share were paid during the year having regard to 1970 profits. Dome received \$201,140 from this source. Canada Tungsten is in a strong working capital position and has announced the indication by diamond drilling of a new scheelite-bearing deposit which will be further investigated during the coming year.

The year 1971 was eventful for gold. In the free market its price trended upward from the \$37-\$38 per ounce range early in the year to nearly \$44 by mid-August when the United States closed its "gold window". At that point in time, the U.S. gold reserves had fallen below \$10 billion, and official foreign central bank holdings of U.S. dollar claims had grown to several times that figure as U.S. Balance of Payments deficits persisted. By suspending the convertibility of these official dollar claims into gold at \$35 per ounce, the United States in effect had devalued its dollar against the stronger currencies of the free world. These currencies were then permitted to "float" upward, away from the exchange rates fixed under the International Monetary Fund agreement. At first the U.S. stated it would not change the price of gold, but in December it announced that it would ask Congress to increase the official price to \$38 per ounce. This devaluation, which represents an 8.5% increase in the official price, becomes the pivot for currency revaluations of pound sterling and the French franc, but other stronger currencies, such as the German mark and Japanese yen, have floated upward by greater percentage amounts. As the U.S. has not yet increased the official price, it has created an uncertainty, during which time the free price of gold has been as high as \$49.75 per ounce. It is currently at \$48 reflecting international supply and demand. Even though the U.S. attempts to demonetize gold, the rest of the major free countries of the world now hold more than twice as much gold as the U.S. and seem not prepared to accept a monetary system that does not have gold at some fixed price as the measuring rod of other currencies.

During the year, Mr. Bryce R. MacKenzie for reasons of health, resigned from the Board and as Secretary of the Company. His helpful counsel, and long association with the Company will be missed by the Board of Directors. He was replaced by Mr. Fraser M. Fell a senior partner of Fasken & Calvin, as Secretary and a Director. Mr. Fell was formerly an Assistant Secretary of the Company.

On November 1st, Mr. Arthur D. Robinson, General Superintendent, retired after 40 years total service, mainly with the underground department. He was replaced by Mr. Harry V. Pyke, a Mining Engineer with a total of some six years former service at Dome.

Your Directors again wish to record their appreciation for the effective planning and direction by management and staff and to thank all employees for their loyalty and untiring efforts to increase the efficiency of the Company's operations.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,  
Chairman.

JAMES B. REDPATH,  
President.



# DOME MINE

(Incorporated under

## BALANCE SHEETS,

(with comparative figures

### ASSETS

	Parent Company		Consolidated	
	1971	1970	1971	1970
<b>Current Assets:</b>				
Cash, including bank term deposits .....	\$ 2,304,831	\$ 2,357,383	\$ 4,110,894	\$ 4,010,410
Bullion on hand and in transit, at net realizable value .....	478,416	470,627	1,596,759	1,123,921
Short term commercial paper, at cost .....	6,222,413	5,628,741	12,473,212	11,951,726
Marketable securities (schedule attached) (note 2) .....	2,592,962	2,172,937	3,987,588	3,066,438
Accounts receivable (note 3) .....	1,074,871	853,695	1,123,570	1,055,902
Mining and milling supplies, at cost .....	995,860	984,457	2,177,581	2,100,171
Deposits and prepaid expenses .....	3,193	46,625	21,123	71,921
	<u>13,672,546</u>	<u>12,514,465</u>	<u>25,490,727</u>	<u>23,380,489</u>
<b>Investments (schedule attached) (note 2):</b>				
Subsidiary companies .....	9,054,251	8,516,859		
Other .....	16,254,852	16,206,207	19,444,469	19,412,666
	<u>25,309,103</u>	<u>24,723,066</u>	<u>19,444,469</u>	<u>19,412,666</u>
<b>Capital Assets:</b>				
Buildings, machinery and equipment, substantially at cost .....	7,216,915	6,989,403	19,202,561	18,483,118
Less accumulated depreciation .....	6,812,622	6,740,187	17,504,864	17,221,097
	<u>404,293</u>	<u>249,216</u>	<u>1,697,697</u>	<u>1,262,021</u>
Mining claims and properties, at cost less amounts written off (note 5) .....	1	1	733,737	727,798
	<u>404,294</u>	<u>249,217</u>	<u>2,431,434</u>	<u>1,989,819</u>
	<u>\$39,385,943</u>	<u>\$37,486,748</u>	<u>\$47,366,630</u>	<u>\$44,782,974</u>

(See accompanying notes

AUDITORS'

To the Shareholders of  
Dome Mines Limited:

We have examined the balance sheets of Dome Mines Limited, parent company, and of Dome Mines Limited and its subsidiary companies consolidated, as at December 31, 1971 and the related statements of income, earned surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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(In accordance with the laws of Canada)

DECEMBER 31, 1971

(As at December 31, 1970)

## LIABILITIES

	Parent Company		Consolidated	
	1971	1970	1971	1970
<b>Current Liabilities:</b>				
Salaries and wages payable .....	\$ 274,506	\$ 269,434	\$ 499,656	\$ 472,144
Accounts payable .....	148,906	155,231	584,910	475,740
Accrued charges .....	174,747	167,684	268,772	287,708
Accrued taxes .....			686,881	549,017
Dividends payable .....	389,334	389,334	621,338	621,338
	<u>987,493</u>	<u>981,683</u>	<u>2,661,557</u>	<u>2,405,947</u>
<b>Deferred income taxes .....</b>			98,000	70,000
<b>Minority interest in subsidiary companies .....</b>			6,208,623	5,801,962
<b>Capital and Surplus:</b>				
Capital —				
Authorized:				
2,000,000 shares of no nominal or par value				
Issued:				
1,946,668 shares .....	7,000,000	7,000,000	7,000,000	7,000,000
Paid-in surplus .....	3,606,389	3,606,389	3,606,389	3,606,389
Earned surplus .....	27,792,061	25,898,676	27,792,061	25,898,676
	<u>38,398,450</u>	<u>36,505,065</u>	<u>38,398,450</u>	<u>36,505,065</u>
On behalf of the Board:				
J. B. REDPATH, Director.				
F. M. FELL, Director.				
	<u>\$39,385,943</u>	<u>\$37,486,748</u>	<u>\$47,366,630</u>	<u>\$44,782,974</u>

(In accordance with the laws of Canada)

## REPORT

In our opinion these financial statements present fairly the financial position of Dome Mines Limited and of that company and its subsidiary companies consolidated, as at December 31, 1971, the results of their operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
January 28, 1972.

CLARKSON, GORDON & CO.,  
Chartered Accountants.



# Dome Mines Limited

## STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for the year 1970)

	Parent Company		Consolidated	
	1971	1970	1971	1970
<b>Revenue:</b>				
Bullion .....	\$6,038,114	\$6,664,437	\$17,589,206	\$16,731,832
<b>Expenditures:</b>				
Development .....	961,211	826,986	2,231,651*	2,293,381*
Mining .....	4,792,351	4,969,282	8,692,047	8,819,684
Reduction .....	1,129,107	1,055,776	2,601,593	2,433,499
Refining and marketing .....	48,581	50,356	142,609	138,186
General and administrative .....	434,509	428,811	1,136,866	1,101,576
Taxes other than income .....	66,354	101,055	196,728	229,412
	7,432,113	7,432,266	15,001,494	15,015,738
Less credit under the Emergency Gold Mining Assistance Act .....	1,645,000	1,490,000	2,278,250	2,402,000
	5,787,113	5,942,266	12,723,244	12,613,738
	251,001	722,171	4,865,962	4,118,094
<b>Deduct:</b>				
Provision for depreciation (note 4) .....	123,691	97,797	399,923	354,201
Provision for tax under Provincial Mining Tax Acts .....			531,500	377,600
	123,691	97,797	931,423	731,801
<b>Operating profit</b> .....	127,310	624,374	3,934,539	3,386,293
<b>Add other income:</b>				
Other dividends .....	865,488	843,347	865,488	843,347
Interest on Dome Petroleum Limited income debentures .....	600,000	600,000	750,000	750,000
Other interest, etc. (note 6) .....	656,222	558,153	1,157,544	1,161,780
Gain on disposal of investments .....	158	165,692	423	166,631
	2,249,178	2,791,566	6,707,994	6,308,051
Deduct outside exploration expenses .....	482,504	791,799	749,492	1,071,100
<b>Income before provision for income taxes</b> .....	1,766,674	1,999,767	5,958,502	5,236,951
<b>Provision for income taxes (note 7):</b>				
Current .....		85,000	1,220,000	1,105,000
Deferred .....			28,000	10,000
		85,000	1,248,000	1,115,000
	1,766,674	1,914,767	4,710,502	4,121,951
<b>Add (deduct):</b>				
Equity in earnings of subsidiary companies (including dividends received of \$1,146,654 in both years) .....	1,684,046	1,268,144		
Minority interest in income of partially-owned subsidiary companies .....			(1,259,782)	(939,040)
<b>Net income for the year</b> .....	\$3,450,720	\$3,182,911	\$ 3,450,720	\$ 3,182,911
<b>Net income per share</b> .....			\$ 1.77	\$ 1.64

\* Includes shaft sinking expenditures of a subsidiary: 1971 — \$349,488; 1970 — \$413,800.

(See accompanying notes to financial statements)

# Dome Mines Limited

## STATEMENTS OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for the year 1970)

	Parent Company		Consolidated	
	1971	1970	1971	1970
<b>Source of working capital:</b>				
Operations —				
Net income for the year	\$ 3,450,720	\$ 3,182,911	\$ 3,450,720	\$ 3,182,911
Depreciation	123,691	97,797	399,923	354,201
Increase in deferred income taxes			28,000	10,000
Equity in undistributed earnings of subsidiary companies	(537,392)	(121,490)		
Minority interest in income of subsidiaries less dividends paid			406,661	85,919
<b>Total</b>	<b>3,037,019</b>	<b>3,159,218</b>	<b>4,285,304</b>	<b>3,633,031</b>
<b>Disposition of working capital:</b>				
Dividends	1,557,335	1,557,335	1,557,335	1,557,335
Expenditures on capital assets (net)	278,768	72,903	841,539	291,685
Increase in other investments	48,645	286,875	31,802	281,077
<b>Total</b>	<b>1,884,748</b>	<b>1,917,113</b>	<b>2,430,676</b>	<b>2,130,097</b>
<b>Net increase in working capital for year</b>	<b>\$ 1,152,271</b>	<b>\$ 1,242,105</b>	<b>\$ 1,854,628</b>	<b>\$ 1,502,934</b>
<b>Changes in components of working capital:</b>				
Increase (decrease) in current assets —				
Cash	\$ (52,552)	\$ 361,782	\$ 100,484	\$ 1,236,903
Bullion	7,789	(79,813)	472,838	(382,894)
Short term commercial paper	593,672	2,398,211	521,486	4,819,988
Marketable securities	420,025	(1,246,100)	921,150	(4,283,365)
Accounts receivable	221,176	(165,926)	67,668	(60,124)
Mining and milling supplies	11,403	(16,223)	77,410	46,977
Deposits and prepaid expenses	(43,432)	(15,168)	(50,798)	(38,374)
	<b>1,158,081</b>	<b>1,236,763</b>	<b>2,110,238</b>	<b>1,339,111</b>
Increase (decrease) in current liabilities —				
Salaries and wages payable	5,072	4,788	27,512	7,854
Accounts payable	(6,325)	5,780	109,170	56,104
Accrued charges	7,063	(15,910)	(18,936)	27,497
Accrued taxes			137,864	(150,085)
Dividends payable				(105,193)
	<b>5,810</b>	<b>(5,342)</b>	<b>255,610</b>	<b>(163,823)</b>
<b>Net increase in working capital for year</b>	<b>1,152,271</b>	<b>1,242,105</b>	<b>1,854,628</b>	<b>1,502,934</b>
<b>Working capital, January 1</b>	<b>11,532,782</b>	<b>10,290,677</b>	<b>20,974,542</b>	<b>19,471,608</b>
<b>Working capital, December 31</b>	<b>\$12,685,053</b>	<b>\$11,532,782</b>	<b>\$22,829,170</b>	<b>\$20,974,542</b>

(See accompanying notes to financial statements)

# Dome Mines Limited

## SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS

DECEMBER 31, 1971

(with comparative figures at December 31, 1970)

	Par value or number of shares	Book value (note 2)	
		1971	1970
<b>Marketable Securities:</b>			
Parent company —			
Government and government guaranteed short term securities (\$150,000 par value in 1970) .....	\$ 270,000	\$ 270,250	\$ 149,850
Cities Service Company, common shares .....	80,000	2,023,087	2,023,087
Corporate bonds .....	\$ 300,000	299,625	
		2,592,962	2,172,937
Subsidiary companies —			
Government and government guaranteed short term securities (\$146,000 par value in 1970) .....	\$ 596,000	597,251	145,751
Corporate bonds (\$750,000 par value in 1970) .....	\$ 800,000	797,375	747,750
Consolidated .....		\$ 3,987,588	\$ 3,066,438
(Quoted market values of above "Marketable Securities": 1971 — parent company \$4,025,000, consolidated \$5,422,000; 1970 — parent company \$3,822,000, consolidated \$4,693,000)			
<b>Subsidiary Companies:</b>			
Parent company (note 2) —			
Campbell Red Lake Mines Limited (57% owned — cost \$1,331,595) .....	2,270,105	\$ 6,812,137	\$ 6,291,493
Sigma Mines (Quebec) Limited (63% owned — cost \$731,764) .....	625,536	2,217,114	2,200,366
Dome Exploration (Canada) Limited (100% owned) .....	250	25,000	25,000
		\$ 9,054,251	\$ 8,516,859
<b>Other Investments:</b>			
Parent company —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988 .....	\$12,000,000	\$12,000,000	\$12,000,000
Shares .....	1,785,000*	3,206,543	3,206,543
Canada Tungsten Mining Corporation Limited:			
Shares (800,000 shares in 1970) .....	822,800	242,083	193,438
Mattagami Lake Mines Limited:			
Shares (400,000 shares in 1970) .....	400,000	806,225	806,225
Sundry .....		1	1
		16,254,852	16,206,207
Subsidiary companies —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988 .....	\$ 3,000,000	3,000,000	3,000,000
Local school and municipal debentures (\$25,000 par value in 1970) .....	\$ 18,500	18,407	24,861
Sundry .....		171,210	181,598
Consolidated .....		\$19,444,469	\$19,412,666

(Quoted market values of above "Other Investments" including debentures at their respective par or book values:  
1971 — parent company \$83,814,000, consolidated \$87,037,000;  
1970 — parent company \$71,701,000, consolidated \$74,941,000)

\* After 3 for 1 share split in 1971.

(See accompanying notes to financial statements)



# Dome Mines Limited

## STATEMENTS OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for the year 1970)

	Parent Company		Consolidated	
	1971	1970	1971	1970
Balance, January 1 .....	\$25,898,676	\$24,273,100	\$25,898,676	\$24,273,100
Add net income for the year .....	3,450,720	3,182,911	3,450,720	3,182,911
	29,349,396	27,456,011	29,349,396	27,456,011
Deduct dividends declared of 80¢ per share comprising four quarterly dividends of 20¢ each ....	1,557,335	1,557,335	1,557,335	1,557,335
Balance, December 31 .....	<u>\$27,792,061</u>	<u>\$25,898,676</u>	<u>\$27,792,061</u>	<u>\$25,898,676</u>

(See accompanying notes to financial statements)

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1971

### 1. Principles of consolidation

The consolidated financial statements include the accounts of the wholly-owned subsidiary, Dome Exploration (Canada) Limited and the two partially-owned subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).

### 2. Investments

Investments in subsidiary companies are carried at cost in the books of the company, but are adjusted to the equity basis in the accompanying financial statements. Accordingly, the carrying value of these investments in the balance sheet of the parent company, unconsolidated, reflects the company's share of undistributed earnings of the subsidiaries since acquisition and the statement of income of the parent company, unconsolidated, reflects the company's equity in the earnings of the subsidiaries for the year.

Marketable securities and other investments are carried at cost except for (a) shares acquired as a result of development work (which are carried at nominal value), and (b) certain other investments which are carried at cost less amounts written off.

### 3. Accounts receivable

	Parent Company		Consolidated	
	1971	1970	1971	1970
Dividends receivable from subsidiary companies .....	\$ 317,940	\$ 317,940		
Estimated amount receivable under the Emergency Gold Mining Assistance Act .....	453,305	319,414	\$ 646,621	\$ 647,735
Accrued interest .....	184,548	155,957	325,243	296,137
Other (including taxes recoverable) ....	119,078	60,384	151,706	112,030
	<u>\$1,074,871</u>	<u>\$ 853,695</u>	<u>\$1,123,570</u>	<u>\$1,055,902</u>

### 4. Depreciation

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

5. Mining claims and properties

The amounts shown for mining claims and properties are made up as follows:				1971	1970
Dome mines Limited —					
Mining claims and properties, at nominal value .....				\$ 1	\$ 1
Sigma Mines (Quebec) Limited —					
Mining claims and properties, at nominal value .....				1	
Leasehold properties, at cost .....				21,500	21,501
Campbell Red Lane Mines Limited —					
Mining claims and properties, acquired for 1,277,500 shares issued at .....				197,500	
(with no deduction for ore mined)					
Excess of cost of Dome's investment in shares of Campbell over underlying book values at date of acquisition .....				404,539	
Townsite land, at cost .....				110,196	706,296
				<u>\$ 733,737</u>	<u>\$ 727,798</u>

6. Other interest, etc.

Other interest, etc. includes an amount of \$188,381 which represents the excess of insurance proceeds received over the net book value of certain assets that were destroyed by fire in 1971.

7. Income taxes

No income taxes were payable for 1971 by the parent company. In future years, the company will have available to be applied against income otherwise taxable, depreciation written by it in its accounts but not yet claimed for tax purposes of approximately \$129,000.

8. Directors and officers

The aggregate remuneration of the directors and officers of Dome Mines Limited as defined in section 122.2 of the Canada Corporations Act was as follows:

To nine directors and one former director, as directors .....	\$ 18,000
To the nine officers and two former officers, (four of whom are also directors), as officers .....	\$ 144,113*

\* Includes \$29,954 received by the officers from the wholly and partially owned subsidiaries.

## REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

I submit for your consideration this report on the operations of your Company during the year 1971.

During the year 658,000 tons of ore were treated in the mill. In the course of mining operations 26,400 tons of waste rock were excavated, most of which was used as backfill or placed on surface stock-piles.

The 658,000 tons of ore milled yielded 169,531 ounces of gold, the yield being 0.2576 ounces, or 5.15 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was \$35.33 per ounce compared to \$36.51 per ounce for the previous year.

### COSTS:

The expenditure on development was \$961,211 or \$1.46 per ton as compared with \$826,986 or \$1.20 per ton milled in 1970.

The expenditure on mining was \$4,792,351 or \$7.28 per ton as compared with \$4,969,282 or \$7.20 per ton milled in 1970.

The total operating charges for the year were \$7,432,113 or \$11.30 per ton as compared with \$7,432,266 or \$10.77 per ton milled in 1970.

The operating cost per ounce of gold produced was \$43.84 as compared with \$41.16 in 1970.

**DEVELOPMENT:**

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1971

Level	Drifts	Cross-cuts	Drift and Cross-cut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration & Direction of Mining)
Surface								14,012
1st								
3rd								
4th								
5th		32	10				42	2,005
6th	318		69	150		36	573	9,087
7th			19				19	634
8th	288		134	286	87	84	879	6,089
9th	244	42	167	315		145	913	3,071
10th	435	267	72	393	102	67	1,336	1,393
11th			1		108	107	216	2,515
12th	253	40	56	353	16	49	767	227
13th	30	51	25	289		47	442	
14th		52	6	223		5	286	
15th		46	10	169			225	600
16th			27	116		38	181	703
17th	288		23	241	35	31	618	2,809
18th	58	178	70			27	333	6,469
19th	459		61	331	52	204	1,107	5,855
20th			6		20	60	86	3,084
21st	88		7	246	42	90	473	2,331
22nd	40	90	29		169	154	482	353
23rd	10		1	244		102	357	9,296
24th			15		823	212	1,050	2,666
25th	305	21	79		462	250	1,117	3,687
26th		28	28	217	495	193	961	2,939
27th			6	108	206	83	403	
28th								
29th	15		19			6	40	2,217
30th								
31st	280	290	32	223		16	841	8,047
32nd	129		21		34	43	227	1,076
33rd								
34th				134		39	173	
35th						49	49	
36th								
37th								
<b>TOTALS</b>	<b>3,240</b>	<b>1,137</b>	<b>993</b>	<b>4,038</b>	<b>2,651</b>	<b>2,137</b>	<b>14,196</b>	<b>91,165</b>

Development work amounted to 14,196 feet which compares with 12,034 feet in the previous year. The figures for 1971 include 699 feet of lateral development at No. 7 shaft compared to 583 feet in 1970. Development work below the sixteenth level was 8,317 feet as compared with 8,225 feet in the previous year. The total of 91,165 feet of core diamond drilling compares with the total of 89,904 feet in 1970; this includes 14,012 feet of surface drilling.

**MINING:**

The 658,000 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	605,700	5.53
From development	52,300	2.72
	<u>658,000</u>	<u>5.31</u>



The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per ton	
8th level to surface, No. 3 shaft .....	26,608	8.20	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft .....	189,292	6.60	Dev. & Stope Ore
Area serviced by No. 6 internal shaft .....	404,700	4.61	Dev. & Stope Ore
Area serviced by No. 7 internal shaft .....	37,400	4.37	Dev. & Stope Ore
Total Mine .....	<u>658,000</u>	<u>5.31</u>	Dev. & Stope Ore
Ore from Ankerite veins .....	<u>112,317</u>	<u>4.39</u>	Dev. & Stope Ore
(included in the above)			

#### ORE RESERVES:

Ore reserves at the close of the year were estimated at 1,473,000 tons with an average grade of 5.51 dwt. as compared with 1,685,000 tons with an average grade of 5.63 dwt. for 1970.

	Tons — 1971	Tons — 1970
Unbroken ore .....	1,398,000	1,573,000
Broken ore .....	<u>75,000</u>	<u>112,000</u>
	<u>1,473,000</u>	<u>1,685,000</u>

Ankerite ore comprises 25% of the reserves. This ore is more refractory to the milling process than the normal ore in the mine.

#### MILL:

Following are the milling results:

Tons of ore treated .....	658,000 tons
Average tons per day worked .....	1,848 tons
Average grade of ore treated .....	5.31 dwt. per ton
Recovery .....	5.15 dwt. per ton
Recovery percentage .....	97.08%

#### CAPITAL EXPENDITURE:

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine equipment .....	\$ 127,734
Reduction equipment .....	672
Surface building and equipment .....	<u>152,914</u>
	<u>\$ 281,320</u>
Less net book value of retirements .....	<u>2,552</u>
Net increase .....	<u>\$ 278,768</u>

#### GENERAL:

During the year many adverse factors including unfavourable exchange rates, lower work force, shortage of experienced labour and continuing inflationary pressures affected operations at Dome, resulting in an operating profit of \$127,310, a reduction of 80% from 1970. Again the full impact of these factors was modified by the beneficial effect of changes in mining methods of recent years; in spite of increased wages and employee benefits, higher Ontario Hydro rates, supplies and transportation charges, total operating costs were held at a level rate. However, due to lower mill throughput, operating costs per ton at \$11.30 and costs per ounce of gold produced at \$43.84 increased 4.9% and 6.5% respectively. The average price received for gold of \$35.33 per ounce was \$1.18 lower than the previous year, a reduction of 3.2%.

In the final quarter of the year, the mine had an operating loss of \$60,529 (after depreciation charges of \$37,791). Measures being taken to reverse or minimize the loss are mentioned below.

The increasing use of long-hole mining methods, including some modification of standard load-haul-dump practices in the larger orebodies, plus the application of mobile, multiple-drill equipment, have permitted a concentration of work crews resulting in greater efficiency from a depleted work force. The following tabulation from last year's report has been updated to illustrate the various mining methods employed and the importance of long-hole mining.

Source of Ore	Tonnage					% of Ore Milled				
	1971	1970	1969	1968	1967	1971	1970	1969	1968	1967
Cut-and-fill stopes .....	368,800	412,000	486,900	503,700	499,300	56.0	59.7	69.0	70.7	70.4
Shrinkage stopes .....	42,100	89,400	69,800	48,100	79,500	6.4	13.0	9.9	6.7	11.2
Long-hole stopes .....	194,800	150,700	92,900	65,600	42,300	29.6	21.8	13.2	9.2	6.0
Development ore .....	52,300	38,300	55,900	95,500	87,700	8.0	5.5	7.9	13.4	12.4
Totals .....	658,000	690,400	705,500	712,900	708,800	100.0	100.0	100.0	100.0	100.0

From the tabulation on page 13 it will be noted that the development total increased 18% to 14,196 feet; approximately 72% of this work was done to facilitate tramming and stope preparation and provision of an ore pass system in the fuchsite zone, to increase mining efficiency. The balance of 28% was scattered throughout the mine mainly on short extensions to known ore zones; very little new ore was developed during the year in this curtailed development program. Reference has been made in past years to the fact that most of the favourable geological structures have now been tested by long exploratory drives and diamond drill holes. In order to obtain an independent assessment of this situation, the firm of James & Buffam was engaged to consult and report on the future possibilities of finding ore. Their report confirmed that most favourable areas had already been adequately tested, but they did make four recommendations for the testing of areas considered to have some possibility. These recommendations are being carried out with negative results to date. The increase of 1.4% in diamond drill footage was for general exploration throughout the mine and on surface and closely-spaced drilling to outline orebodies prior to the detailed layouts required for long-hole mining.

During the latter part of the year a decision was made to cease all operations at No. 7 internal shaft which services the mine below the 29th or 3,900-foot level. The higher temperatures and humidity prevalent at these depths demand larger volumes of expensive ventilating air. In addition, the extra cost of handling ore, waste, men and material has had an adverse economic effect on the mining of these narrow veins. Approximately 95,000 tons were removed from ore reserves from the No. 7 shaft area.

The continuing reclassification of ore zones for reserve purposes depending upon the mining method to be employed, together with the removal of No. 7 shaft ore from reserves, had a severe impact on total ore reserves during the year; after milling 658,000 tons, ore reserves declined by 212,000 tons or 12.6%; grade of reserves decreased by 0.12 dwt. or approximately 21¢ per ton.

The shortage of labour affected the tonnage milled and the average of 1,848 tons per day worked is the lowest in post-war years being approximately 7% below rated capacity of the plant; in the final quarter of the year the shortfall was 11% below rated capacity. The surges of tonnage affected recovery which reduced to 97.08%. Unit cost of ore reduction, due to equipment repairs and the lower tonnage, increased 19¢ per ton. Gold production decreased 11,055 ounces and with the reduction of \$1.18 in the average price per ounce received for gold, bullion value decreased \$626,323.

All departments were seriously affected by the shortage of experienced labour and scarcity of suitable applicants for training. The shortage was particularly acute during the summer months and the last quarter of the year. The on-the-job training program was continued throughout the year and was helpful in providing a pool of partially-trained miners. In January 1972 agreement was reached on a new labour contract for two years with the United Steelworkers of America.

On April 16th a fire of undetermined origin completely destroyed the plate shop and a small section of the machine shop. The building and most of the equipment were replaced as these shops are essential for general plant maintenance. The loss was completely covered by insurance.

The Mining and Mineral Industry in Canada is directly responsible for the jobs of thousands of Canadians in many skills and professions. Indirectly, through secondary industries and service, through tax payments to every level of government and through technological achievements, mining has enriched the life of every Canadian. That gold mining continues to contribute to the Canadian economy, as well as the local community, is illustrated by the summary of this Company's expenditures and location of purchase as set forth on the page immediately following.

Again, the year under review was a most difficult one and it is therefore with considerable pleasure that I acknowledge the support and efficient services rendered by the heads of departments and staff, together with the continued loyal service of employees. I acknowledge also the support and helpful counsel of the Chairman of the Board, the President and the Directors.

Respectfully submitted,

South Porcupine, Ontario,  
February 9, 1972.

CHARLES P. GIRDWOOD,  
General Manager.

# Dome Mines Limited

Total amount of wages and salaries .....	\$4,738,799	
Taxes (Provincial and Municipal) .....	69,856	
Workmen's Compensation Board of Ontario Assessments .....	391,866	
Unemployment Insurance .....	48,455	
Cost of Dome Pension Plan, Canada Pension Plan, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits .....	286,459	
Total Equipment, Supplies and Services:		
Mine Equipment, Supplies and Services: .....	\$1,159,157	
Mill Equipment, Supplies and Services .....	270,002	
Electric Power .....	346,788	
General Surface Equipment, Supplies and Services .....	1,117,281	
Natural Gas Heating .....	37,776	2,931,004

## Principal Cities and Towns in Canada which Benefit

Acton	Farnham	Midland	St. Catharines
Agincourt	Flin Flon	Mississauga	St. Jean
Ajax	Fort Erie	Montreal	St. John's
Arnprior	Fredericton	Mount Forest	St. Thomas
Aylmer			Sarnia
	Galt		Sault Ste. Marie
Balmertown	Gananoque	Nakina	Scarborough
Barrie	Georgetown	New Liskeard	Schumacher
Beachville	Guelph	Newmarket	Sioux Lookout
Belleville		Niagara Falls	South Porcupine
Bourlamaque	Hagersville	Nobel	Stoney Creek
Bramalea	Haileybury	Noranda	Sudbury
Brandon	Halifax	North Bay	Sunny Brae
Brantford	Hamilton		Swastika
Brockville	Hearst		
Burlington	Hull	Oakville	
		Orillia	
Calgary		Ottawa	Thornbury
Chaput-Hughes	Ignace	Owen Sound	Thornhill
Clarkson	Ingersoll		Thunder Bay
Cobalt			Tillsonburg
Concord	Joliette	Peterborough	Timmins
Connaught		Pickering	Toronto
Cooksville		Pine Falls	
Copper Cliff	Kenora	Plessisville	
Cornwall	Kirkland Lake	Pointe Claire	Val d'Or
Corunna	Kitchener	Porcupine	Vancouver
			Victoria
Don Mills	Lac Du Bonnet	Quebec	
Dorval	Lachine		
Downsview	Lachute		Walkerville
Dryden	LaSalle	Redditt	Waterloo
Dundas	Leaside	Red Lake	Watson Lake
Dunnville	London	Regina	Weston
		Rexdale	Whitby
Edmonton	Madsen	Richmond Hill	Willowdale
Elliot Lake	Malartic	Rouyn	Windsor
Erindale	Malton	Roxboro	Winnipeg



Number of Communities, Companies and Individuals through whom Supplies and Services are Purchased

	Communities	Companies and Individuals
Alberta .....	2	4
British Columbia .....	2	11
Manitoba .....	4	20
New Brunswick .....	2	5
Newfoundland .....	1	1
Northwest Territories .....	1	1
Nova Scotia .....	2	2
Ontario .....	90	365
Quebec .....	17	45
Saskatchewan .....	1	3
Yukon Territory .....	1	2
Great Britain .....	2	3
United States of America .....	16	19
	<u>141</u>	<u>481</u>

# Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

## REPORT OF THE PRESIDENT

Toronto, Ontario,  
February 10, 1972.

To the Chairman of the Board and Directors of  
Dome Mines Limited:

As approved at the Annual Meeting of Dome Mines Limited in April 1959, all new exploration ventures were to be shared with the subsidiary companies on the following basis:

Dome Mines Limited .....	60%
Campbell Red Lake Mines Limited .....	30%
Sigma Mines (Quebec) Limited .....	10%

Starting January 1st, 1969, Dome Petroleum Limited was included in the joint ventures with respect to new projects on the following basis:

Dome Mines Limited .....	40%
Dome Petroleum Limited .....	33%
Campbell Red Lake Mines Limited .....	21%
Sigma Mines (Quebec) Limited .....	6%

This permits a substantially enlarged exploration program and the year 1971 was, once again, an exceptionally active one for your Group.

Your Group opened an exploration field office in Timmins at the beginning of 1971. This functions as an excellent exploration and research base.

In the following report, where outside partners participate, the term "Dome Group", followed by a percentage figure indicates the amount of participation of either the group of three or four companies of the Dome Group as listed above.

The 1971 exploration program involved 14 major projects. In addition, your Group participated in seven major exploration ventures with others; this does not include participation in Panarctic Oils Ltd., which is described in the Report of the Directors of Dome Mines Limited.

Several of the exploration programs described below are continuations of programs which started in 1970; ten of the projects described will continue on into 1972. On four of the new major joint ventures the drilling stage will not be reached until mid-1972.

Major endeavours undertaken during the year include four separate airborne E.M. survey projects, four major geochemical projects, seven substantial drill programs and the optioning of five properties.

### QUEBEC:

A program was carried out on behalf of Dome Mines Limited on the property of Magado Mines Limited. This property is located generally along trend from the producing property of Mattagami Lake Mines Limited in the Mattagami mining area of northwestern Quebec.

During 1971, six holes aggregating 4,871 feet were drilled in order to explore more thoroughly that portion of the property most favourably located with respect to the contact on which ore is found on the nearby property of Mattagami Lake Mines. No economic mineralization was found.

Your Group, with outside partners (Dome Group 33⅓%), carried out a regional geochemical survey in a portion of southern Quebec. This resulted in the staking of a number of claim groups, some of which were later covered by ground geophysical surveys. Some drilling was carried out on one of the very low-grade copper occurrences found as a result of this program but no economic mineralization was encountered.

Your Group acquired by staking (Dome Group 100%) a property along a particularly favourable portion of the northwestern Quebec volcanic belt. The staked area is one which is deeply overburden-covered and which apparently has never before been tested by modern geophysical exploration techniques. Deep-searching geophysical surveys disclosed a number of conductors which will be drilled in 1972.

## ONTARIO:

During 1969 and 1970, your Group carried out airborne geophysical surveys followed by ground investigations in a favourable volcanic belt in northwestern Ontario. During 1971 a drilling program involving 15 holes for a total of 4,885 feet was completed on selected anomalies. No economic mineralization was encountered but some very minor mineralization encountered late in the program will be followed up in 1972 by further drilling.

As mentioned in the report for 1970, A.E.M. survey data covering a 500-square mile geologically attractive area of northeastern Ontario was acquired by your Group (Dome Group 100%). This area has had a long history of exploration and contains many small gold prospects and a few base metal showings. At the outset it was known that a great deal of exploration, including extensive programs in recent years, had been done in the area. However, an intensive ground survey program outlined a number of previously untested anomalies in the desired geologic setting. Drilling of these, involving eight holes for 2,570 feet, did not disclose any economic mineralization.

During late 1970 your Group optioned two blocks containing 33 claims in an area of favourable geology in the Sturgeon Lake area of northwestern Ontario (Dome Group 100%). During 1971 detailed geophysical surveys were carried out over these properties but no drill targets were found.

Your Group completed exploration on a "porphyry copper" prospect in northwestern Ontario during 1971 (Dome Group 100%). This program was initially carried out on an 11-claim optioned property. An adjacent group of 25 claims was later optioned for protection. Detailed induced polarization and magnetometer surveys were carried out during the year. This program outlined drill targets and as a result thirteen holes for a total of 5,579 feet were drilled. Extensive zones of submarginal grade copper mineralization were encountered.

Your Group (Dome Group 100%) carried out an airborne geophysical survey of an area near Timmins which was considered to be geologically favourable and at the same time inadequately explored in the past. This survey, which involved 513 line-miles, resulted in the discovery of only a few weak anomalies. However, after an extensive ground geophysical survey program, only one of the original airborne anomalies is of continuing interest.

Research carried out by your Group outlined a favourable and comparatively unexplored volcanic area in northwestern Ontario. As a result of the preliminary studies, an airborne geophysical survey involving 400 line-miles was carried out (Dome Group 100%). This resulted in the discovery of a number of anomalies which were staked during 1971. By year-end approximately half of the selected anomalies had been ground-checked. Further geophysical work must be done on the lake ice before a drilling program can be started.

Also as a result of research carried out by your Group, a second attractive area was selected in northwestern Ontario for airborne geophysical coverage. Early in 1971 an area involving approximately 393 line-miles of airborne surveying was completed (Dome Group 100%). As a result of this survey, a large number of geophysical anomalies were found and were staked. Late in 1971 ground geophysical surveys and geological examinations were completed on most of the conductors. This resulted in the selection of a number of drilling targets. Only two holes for a footage of 890 feet were completed before year-end. Each of these holes explained the anomaly on which it was drilled but neither encountered economic mineralization. An extensive drilling program will continue in 1972.

Your Group staked 51 claims in the northern portion of the Sturgeon Lake mineral belt in an area of known acid volcanics. In order to quickly assess this property, it was covered by airborne E.M. surveys. A number of very weak anomalies were found and the property is slated for blanket ground geophysical coverage early in 1972.

As a result of a field examination of an offered prospect in the Timmins area, your Group optioned two blocks containing 22 claims. One of these is located adjacent to a property on which a small former high-grade nickel producer is located. Because the property is covered by widespread deep overburden, Turam and sensitive magnetometer surveys were selected as the appropriate exploration technique. The surveys were completed at year-end.

In the latter part of 1971 your Group staked two properties in the Timmins base metal area. Each of these is in a favourable geologic setting and has untested geophysical indications. Exploration will be carried out on these in 1972.



During 1971, your Group maintained an active prospecting party based in northwestern Ontario. During the year work was done in a number of different areas by this party.

#### MANITOBA & SASKATCHEWAN:

As reported in 1970, your Group, with outside partners (Dome Group 50%), continued an exploration program based on airborne geophysical surveys in southern Manitoba. As a result of extensive ground geophysical check work and geologic examinations, a number of anomalies were selected for drilling. Eight holes for a total of 2,538 feet were drilled. No economic mineralization was encountered.

Your Group, with outside partners (Dome Group 25%), participated in a very extensive exploration program in an area near Flin Flon. The area selected lies under a large lake and appropriate deeply-penetrating geophysical surveys outlined many anomalies which will be drilled during the early part of 1972.

#### WESTERN CANADA:

During 1971 exploration carried out by your Group in British Columbia was entirely by way of carefully selected joint ventures of a continuing nature.

One of these is a continuation of a joint venture which has been carried on for a number of years. Your Group is participating with an outside partner (Dome Group 50%) in this venture. Emphasis is on extremely careful detailed geochemical appraisal of selected areas in southern British Columbia.

In addition to the above, your Group participates in two other joint ventures in the interior of British Columbia. In each of these your Group has a 33⅓% interest. Each of them is based on a geochemical and prospecting approach and as a result of the 1971 programs there are targets of interest for detailed investigation in 1972.

As well as the foregoing regional geological-geochemical projects your Group participated with outside partners (Dome Group 50%) in an assessment of a number of properties in the Highland Valley of British Columbia.

#### ALASKA:

The program carried out in Alaska, unlike most of the preceding ventures, was carried out by Dome Mines Limited and an outside partner (without the participation of subsidiary and affiliated companies, as these programs were originally initiated before 1959). Dome Mines has a 33⅓% interest in this venture which involves broad regional helicopter-supported prospecting. As a result of the 1971 program, a prospect was optioned and detailed exploration work will be carried out in 1972.

#### GENERAL:

During 1971, 197 routine exploration proposals were brought to the attention of your Group. Four of these proposals resulted in the initiation of exploration programs by your Group.

Your Group participated in various prospecting ventures organized by individual prospectors in Ontario.

Yours faithfully,

JAMES B. REDPATH,  
President.

# **SIGMA MINES (QUEBEC) LIMITED**

(No Personal Liability)

## **Report to Shareholders**

For the Financial Year Ended December 31

**1971**

# SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

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## HEAD OFFICE AND LOCATION OF MINE

Township of Bourlamaque, County of Abitibi, Province of Quebec  
(Post Office: Val d' Or, Quebec, Canada)

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## ADDRESS OF THE CHAIRMAN OF THE BOARD

40 Wall Street, New York, N.Y. 10005.

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## ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 105, Ont.

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## ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto 111, Ont.

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## REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company  
320 Bay Street, Toronto 105, and 600 Dorchester Blvd. West, Montreal 101, Que.

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## DIRECTORS

Clifford W. Michel	New York, N.Y.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.
Kenneth D. Watson	Pacific Palisades, Calif.
Charles P. Girdwood	South Porcupine, Ont.
John H. Hough	Toronto, Ont.

## OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Fraser M. Fell
Treasurer	Edmund J. Andrecheck
Assistant Secretary	John H. Hough
General Manager	Malcolm A. Taschereau
General Superintendent	Gordon Michaelson

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## AUDITORS

Clarkson, Gordon & Co., Toronto 111, Ont.

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## GENERAL COUNSEL

Fasken & Calvin  
Box 30, Toronto-Dominion Centre, Toronto 111, Ont.



## COMPARATIVE SUMMARY

	<u>1971</u>	<u>1970</u>
Tonnage Milled .....	509,904	510,780
Ounces Gold Produced .....	90,159	89,081
Average Price of Gold per ounce .....	\$36.36	\$36.57
Value of Bullion .....	\$3,306,136	\$3,288,555
Operating Costs .....	\$3,667,669	\$3,877,264
Net Income .....	\$ 226,774	\$ 264,991
Net Income per share .....	\$0.23	\$0.26
Current Assets .....	\$2,579,245	\$2,516,812
Current Liabilities .....	\$ 395,650	\$ 395,904
Working Capital .....	\$2,183,595	\$2,120,908
Number of Shareholders — December 31 .....	600	622
Dividends Declared .....	\$ 200,000	\$ 200,000
Dividends declared per share .....	\$0.20	\$0.20
Shares Issued .....	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1971)

Toronto, Ontario,  
February 10, 1972.

To the Shareholders of  
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Changes in Financial Position, all certified by the Auditors of the Company, and the Report of the General Manager, covering the financial year ended December 31, 1971.

The gross production for 1971 was 90,159 ounces of gold as compared with 89,081 ounces for 1970.

The operating profit before deducting depreciation, tax under the Quebec Mining Duties Act and outside exploration expenses was \$271,717. The non-operating revenue amounted to \$124,152. These combined gave a total of \$395,869. Depreciation amounted to \$100,244. Outside exploration expenses amounted to \$62,351 leaving profits of \$233,274 before Provincial mining tax. After providing \$6,500 for such tax, net income was \$226,774 as compared with \$264,991 a year ago. Dividends totalling \$200,000 were declared during the year.

In spite of slightly increased production and substantially decreased operating costs, net profits were lower by 14% or 3¢ per share; the result of a lower premium on the U.S. dollar and decreased benefits under the Emergency Gold Mining Assistance Act following the completion of writing off shaft sinking for E.G.M.A. purposes.

Ore reserves were 1,221,920 tons at the end of the year, an increase of 2,620 tons from the preceding year.

Development on the six lower levels continued to be disappointing as to size and grade of the ore-shoots encountered.

Production for the first 10 months of the year was sold to the Royal Canadian Mint at U.S. \$35. In addition, this production received benefits under the Emergency Gold Mining Assistance Act. For the last 2 months, the free market gave a greater return per ounce than the U.S. \$35 price paid by the Mint, together with related E.G.M.A. benefits, which only apply to gold sold to the Mint.

At the present time your Company sells its production on the free market and foregoes the benefits of E.G.M.A. Should conditions change, E.G.M.A. would provide the equivalent of a "floor price" which would allow us to continue operations as it did for the first 10 months of the year under review. The present scale of benefits under this Act continues until June 30, 1973, and may be extended to December 31, 1975 under conditions to be announced at a later date.

The gold industry in Canada today owes its existence to the support it has received from E.G.M.A. over the years.

Your Company continues to hold \$1 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures provide income and diversification inasmuch as they are convertible into common

stock of Dome Petroleum at a new conversion price of \$28.25 per share, that company having split its stock on a three-for-one basis during the year. Dome Petroleum had a satisfactory year with unaudited financial statements showing a cash flow of \$15 million and net profits estimated at \$9.9 million, an increase of 23% over the preceding year.

Additional diversification is provided by your Company's participation in Panarctic Oils Ltd., which continues oil exploration in the Arctic Islands and reported that a third major gas discovery was made on December 10th at Kristoffer Bay on Ellef Ringnes Island.

A diversified mineral exploration program was conducted by Dome Exploration (Canada) Limited on behalf of Dome Mines Limited, Sigma Mines (Quebec) Limited, Campbell Red Lake Mines Limited and Dome Petroleum Limited. Your Company's share is 6% of all projects initiated after December 31, 1968. Details of the exploration program appear on page twelve of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"The year 1971 was eventful for gold. In the free market its price trended upward from the \$37-\$38 per ounce range early in the year to nearly \$44 by mid-August when the United States closed its 'gold window'. At that point in time, the U.S. gold reserves had fallen below \$10 billion, and official foreign central bank holdings of U.S. dollar claims had grown to several times that figure as U.S. Balance of Payments deficits persisted. By suspending the convertibility of these official dollar claims into gold at \$35 per ounce, the United States in effect had devalued its dollar against the stronger currencies of the free world. These currencies were then permitted to 'float' upward, away from the exchange rates fixed under the International Monetary Fund agreement. At first the U.S. stated it would not change the price of gold, but in December it announced that it would ask Congress to increase the official price to \$38 per ounce. This devaluation, which represents an 8.5% increase in the official price, becomes the pivot for currency revaluations of pound sterling and the French franc, but other stronger currencies, such as the German mark and Japanese yen, have floated upward by greater percentage amounts. As the U.S. has not yet increased the official price, it has created an uncertainty, during which time the free price of gold has been as high as \$49.75 per ounce. It is currently at \$48 reflecting international supply and demand. Even though the U.S. attempts to demonetize gold, the rest of the major free countries of the world now hold more than twice as much gold as the U.S. and seem not prepared to accept a monetary system that does not have gold at some fixed price as the measuring rod of other currencies."

During the year, Mr. Bryce R. MacKenzie for reasons of health, resigned as Secretary of the Company, but Mr. MacKenzie continues as a member of the Board. Mr. MacKenzie was replaced by Mr. Fraser M. Fell, a senior partner of Fasken & Calvin, as Secretary. Mr. Fell was formerly an Assistant Secretary of the Company.

Your Directors take pleasure in expressing their appreciation of the efficient services rendered during the year by the management and operating staff.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,  
Chairman.

JAMES B. REDPATH,  
President.



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## BALANCE SHEET

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### ASSETS

#### Current Assets:

	1971	1970
Cash, including bank term deposits .....	\$ 424,025	\$ 319,036
Bullion on hand and in transit, at net realizable value .....	396,124	170,435
Short term commercial paper, at cost .....	798,891	886,259
Government of Canada bonds, at cost (quoted market value 1971 — \$217,000; 1970 — \$208,000) .....	250,000	250,000
Accounts receivable (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act) .....	228,152	366,843
Mining and milling supplies, at cost .....	465,181	508,150
Prepaid expenses .....	16,872	16,089
	<u>2,579,245</u>	<u>2,516,812</u>

#### Investments:

Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988 .....	1,000,000	1,000,000
Shares of other mining companies, at cost less amounts written off .....	1	1
	<u>1,000,001</u>	<u>1,000,001</u>

#### Capital Assets:

Buildings, machinery and equipment, at cost .....	4,607,445	4,548,793
Less accumulated depreciation .....	4,268,199	4,173,634
	<u>339,246</u>	<u>375,159</u>
Mining claims and properties, at nominal value .....	1	1
Leasehold properties, at cost .....	21,500	21,500
	<u>360,747</u>	<u>396,660</u>
	<u>\$3,939,993</u>	<u>\$3,913,473</u>

(See accompanying n

### AUDITO

To the Shareholders of  
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited as at December 31, 1971 and the related statements of income, earned surplus and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

# QUEBEC) LIMITED

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laws of Quebec)

DECEMBER 31, 1971

(December 31, 1970)

## LIABILITIES

### Current Liabilities:

	1971	1970
Salaries and wages payable .....	\$ 121,996	\$ 108,324
Accounts payable .....	160,022	133,722
Accrued charges .....	6,275	44,182
Accrued taxes .....	7,357	9,676
Dividends payable .....	100,000	100,000
	<u>395,650</u>	<u>395,904</u>

### Capital and Surplus:

Capital authorized and issued —		
1,000,000 shares of \$1 par value .....	1,000,000	1,000,000
Earned surplus .....	2,544,343	2,517,569
	<u>3,544,343</u>	<u>3,517,569</u>

On behalf of the Board:

J. B. REDPATH, Director.

F. M. FELL, Director.

\$3,939,993

\$3,913,473

financial statements)

PORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of Sigma Mines (Quebec) Limited as at December 31, 1971, the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
January 28, 1972.

CLARKSON, GORDON & CO.,  
Chartered Accountants.

# Sigma Mines (Quebec) Limited

(No Personal Liability)

## STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for the year 1970)

	1971	1970
<b>Revenue:</b>		
Bullion .....	\$3,306,136	\$3,288,555
<b>Expenditures:</b>		
Development .....	424,251	507,661
Mining .....	2,313,942	2,473,929
Reduction .....	592,453	575,674
Refining and marketing .....	18,681	16,126
General and administrative .....	277,744	262,559
Taxes other than income .....	40,598	41,315
	3,667,669	3,877,264
Less credit under the Emergency Gold Mining Assistance Act .....	633,250	912,000
	3,034,419	2,965,264
	271,717	323,291
<b>Deduct:</b>		
Provision for depreciation (note 1) .....	100,244	107,271
Provision for tax under the Quebec Mining Duties Act .....	6,500	5,600
	106,744	112,871
<b>Operating profit</b> .....	164,973	210,420
<b>Add:</b>		
Interest on Dome Petroleum Limited income debentures .....	50,000	50,000
Other interest, etc. ....	74,145	81,768
Gain (loss) on disposal of investments .....	7	(9,725)
	289,125	332,463
Deduct outside exploration expenses .....	62,351	67,472
<b>Net income for the year (note 2)</b> .....	\$ 226,774	\$ 264,991
<b>Net income per share</b> .....	\$ 0.23	\$ 0.26

## STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for the year 1970)

	1971	1970
Balance, January 1 .....	\$2,517,569	\$2,452,578
Add net income for the year .....	226,774	264,991
	2,744,343	2,717,569
Deduct dividends declared of 20¢ per share .....	200,000	200,000
<b>Balance, December 31</b> .....	\$2,544,343	\$2,517,569

(See accompanying notes to financial statements)



# Sigma Mines (Quebec) Limited

(No Personal Liability)

## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for the year 1970)

Source of working capital:	1971	1970
Operations —		
Net income for the year	\$ 226,774	\$ 264,991
Depreciation	100,244	107,271
Total	<u>327,018</u>	<u>372,262</u>
Disposition of working capital:		
Dividends	200,000	200,000
Expenditures on capital assets (net)	64,331	47,894
Total	<u>264,331</u>	<u>247,894</u>
Net increase in working capital for year	<u>\$ 62,687</u>	<u>\$ 124,368</u>
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash	\$ 104,989	\$ 217,301
Bullion	225,689	(49,433)
Short term commercial paper	(87,368)	586,259
Government of Canada bonds		(648,600)
Accounts receivable	(138,691)	8,029
Mining and milling supplies	(42,969)	14,966
Deposits and prepaid expenses	783	(14,784)
	<u>62,433</u>	<u>113,738</u>
Increase (decrease) in current liabilities —		
Salaries and wages payable	13,672	(5,133)
Accounts payable	26,300	2,797
Accrued charges	(37,907)	32,030
Accrued taxes	(2,319)	9,676
Dividends payable		(50,000)
	<u>(254)</u>	<u>(10,630)</u>
Net increase in working capital for year	<u>62,687</u>	<u>124,368</u>
Working capital, January 1	<u>2,120,908</u>	<u>1,996,540</u>
Working capital, December 31	<u>\$2,183,595</u>	<u>\$2,120,908</u>

(See accompanying notes to financial statements)

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1971

### 1. Depreciation

Depreciation on buildings, machinery and equipment has been provided as in prior years at a rate of 15% per annum on the straight-line method.

### 2. Income taxes

No income taxes were payable for 1971. In future years, the company will have available to be applied against its income otherwise taxable, depreciation and other expenses written by it in the accounts but not yet claimed for tax purposes totalling approximately \$334,000.

## REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1971 is submitted for your consideration.

During the year 533,685 tons were hoisted, of which 509,904 tons were ore and 23,781 tons were waste.

The 509,904 tons of ore milled yielded bullion containing 90,159 ounces of gold, the average yield being 0.1768 ounces or 3.54 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight.

Of the 90,159 ounces of gold produced a total of 79,580 ounces were sold to the Royal Canadian Mint. The price paid by the Mint is based on \$35.00 per ounce in United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for these sales was \$35.39 per ounce compared with \$36.57 per ounce for the previous year. The remaining 10,579 ounces of gold were sold on the free market at an average price of \$43.67 per ounce, making the average price for the year, \$36.36 per ounce.

## MINING:

Broken ore totalling 333,220 tons remains in the stopes, an increase of 31,320 tons from the previous year.

Stoping operations were distributed between the 9th and the 36th levels.

Ore produced from cut-and-fill stopes amounted to 35.8% of the total stope production.

During the year stoping was started on the ground leased from our wholly-owned subsidiary, Gamma Mines (Quebec) Limited.

Mining rights in a small block of ground adjoining the Sigma boundary and lying between the Sigma 10th and 12th levels were leased from Lamaque Mining Company Limited. At year-end stoping was currently in progress.

Waste returned to empty stopes as backfill amounted to 16,450 tons. In addition 93,364 tons of classified mill tailings were placed underground as hydraulic fill.

## DEVELOPMENT:

Development work amounted to 10,501 feet and was distributed from the 11th to the 36th levels. This was largely confined to known zones.

During the year 489 feet of raising was completed on an orepass system being installed from the 30th level up to the 25th level. This work will be completed in 1972.

Diamond drilling totalling 46,468 feet was done in search of new ore and as a guide to mining.

The following table shows details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1971

Level	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
11th	137	74	108	23	342	....
13th	....	18	....	....	18	....
16th	275	....	....	10	285	5,567
17th	227	....	198	14	439	470
18th	822	235	285	29	1,371	2,533
19th	440	....	641	63	1,144	....
20th	45	242	182	11	480	3,968
21st	617	77	....	26	720	4,703
22nd	7	....	218	19	244	....
24th	193	....	....	37	230	4,513
25th	....	....	....	....	....	957
27th	9	....	350	42	401	5,404
28th	600	76	87	57	820	5,122
29th	328	76	201	31	636	....
30th	9	....	201	17	227	....
33rd	1,148	72	....	59	1,279	4,688
34th	599	52	....	48	699	1,338
35th	....	....	....	....	....	2,195
36th	636	269	190	71	1,166	5,010
Totals	6,092	1,191	2,661	557	10,501	46,468

**ORE PRODUCTION:**

The mine produced 509,904 tons of ore during the year which averaged 3.70 dwt. The stopes produced 487,435 tons averaging 3.79 dwt. and development work produced 22,469 tons averaging 1.73 dwt. This represents a decrease of 876 tons from the 510,780 tons produced in 1970.

**ORE RESERVES:**

The ore reserves are estimated at 1,221,920 tons, an increase of 2,620 tons from the previous year. The reserves include 333,220 tons of broken ore.

A summary of ore reserves and total tonnage of ore extracted from stopes to the end of 1971 is as follows:

**SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS**

	Tons Ore In Place	Average Grade (Dwt. per Ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1971
Surface to 1st Level .....	5,000	8.11	....	30,918
1st Level to 2nd Level .....	....	....	....	493,191
2nd Level to 3rd Level .....	....	....	....	1,021,610
3rd Level to 4th Level .....	....	....	....	963,214
4th Level to 5th Level .....	....	....	....	813,543
5th Level to 6th Level .....	....	....	....	790,696
6th Level to 7th Level .....	....	....	....	737,190
7th Level to 8th Level .....	2,000	4.38	....	835,740
8th Level to 9th Level .....	....	....	....	729,005
9th Level to 10th Level .....	16,700	4.05	170	481,717
10th Level to 11th Level .....	15,000	4.31	370	471,289
11th Level to 12th Level .....	3,600	3.08	47,870	709,602
12th Level to 13th Level .....	13,700	4.31	40,680	481,129
13th Level to 14th Level .....	68,900	5.11	18,930	260,719
14th Level to 15th Level .....	54,100	5.47	2,620	348,522
15th Level to 16th Level .....	3,600	3.78	....	612,849
16th Level to 17th Level .....	16,300	3.92	6,490	575,500
17th Level to 18th Level .....	99,100	4.70	77,920	512,328
18th Level to 19th Level .....	51,700	3.96	19,680	223,102
19th Level to 20th Level .....	14,700	3.91	82,200	252,199
20th Level to 21st Level .....	41,200	4.09	560	44,087
21st Level to 22nd Level .....	46,500	4.60	30,350	170,285
22nd Level to 23rd Level .....	72,900	4.36	2,920	292,610
23rd Level to 24th Level .....	32,000	3.86	660	264,845
24th Level to 25th Level .....	23,600	4.48	240	19,564
25th Level to 26th Level .....	32,000	3.64	....	27,625
26th Level to 27th Level .....	39,600	4.13	....	22,044
27th Level to 28th Level .....	32,000	4.55	70	19,070
28th Level to 29th Level .....	43,300	4.75	590	14,844
29th Level to 30th Level .....	8,700	4.64	220	35,163
30th Level to 31st Level .....	26,500	4.43	....	....
31st Level to 32nd Level .....	12,600	4.55	....	....
32nd Level to 33rd Level .....	23,500	3.97	30	7,417
33rd Level to 34th Level .....	25,500	4.55	250	14,495
34th Level to 35th Level .....	19,900	4.66	160	13,561
35th Level to 36th Level .....	44,500	4.09	240	12,944
	888,700	4.46	333,220	12,302,617



**MILL:**

The following are the results of milling operations for the year 1971:

Average daily tons milled .....	1,397
Tons of ore treated .....	509,904
Average grade of ore treated .....	3.70 dwt. per ton
Recovery .....	3.54 dwt. per ton
Recovery percentage .....	95.68%

**COSTS:**

The expenditure on mining was \$2,313,942 or \$4.54 per ton milled.

The expenditure on development was \$424,251 or \$0.83 per ton milled.

The expenditure on milling was \$592,453 or \$1.16 per ton milled.

The operating costs including Mint handling charges were \$7.19 per ton milled as compared with \$7.59 for the previous year.

**CAPITAL EXPENDITURES:**

Net capital expenditures for the year totalled \$64,331. The main expenditures were for a loading pocket installation underground, a cement storage silo, a main frame for the 5½ ft. Symons cone crusher and a gatehouse.

The details of changes in the plant and equipment are as follows:

**Additions:**

Mine equipment .....	\$ 14,706
Reduction equipment .....	35,589
Surface equipment .....	19,041
	<u>\$ 69,336</u>
Less net book value of retirements .....	5,005
	<u>\$ 64,331</u>

**EXPLORATION:**

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in those projects which originated before January 1, 1969 and a 6% interest in the substantially increased exploration campaign which started on January 1, 1969:

**Quebec:**

A participation in a regional geochemical reconnaissance of a portion of southern Quebec. A number of claim groups were staked and some of them were covered by ground geophysical surveys. Drilling was carried out on one of the very low-grade copper occurrences which was found as a result of this program but no economic mineralization was encountered.

A participation in the staking and exploration of a property along a particularly favourable portion of the northwestern Quebec volcanic belt. The staked area is one which is deeply overburden-covered and which has apparently never before been tested by modern geophysical exploration techniques. Deep-searching geophysical surveys disclosed a number of conductors which will be drilled in 1972.

**Ontario:**

A participation in a continuing exploration program based on the follow-up of an airborne geophysical survey in a favourable volcanic belt in northwestern Ontario. During 1971 a drilling program involving 15 holes for a total of 4,885 feet was completed on selected anomalies. No economic mineralization was found but some very minor mineralization encountered late in the program will be followed up in 1972 by further drilling.

A continuing participation in an exploration program based on an A.E.M. survey of a 500-square mile area of northeastern Ontario. An intensive ground survey program outlined a number of previously untested anomalies in the desired geologic setting. Drilling of these, involving eight holes for 2,570 feet, did not disclose any economic mineralization.

A continuing participation in the exploration of two optioned claim groups in the Sturgeon Lake area of northwestern Ontario. During 1971 detailed geophysical surveys were carried out over these properties but no drill targets were found.

A continuing participation in the exploration of a "porphyry copper" prospect in northwestern Ontario. Detailed induced polarization and magnetometer surveys were carried out during the year. This program outlined drill targets and, as a result, thirteen holes for a total of 5,579 feet were drilled. Extensive zones of submarginal grade copper mineralization were encountered.

A participation in a new A.E.M. survey of an area near Timmins. This survey, which involved 513 line-miles, resulted in the discovery of only a few weak anomalies. After an extensive ground geophysical survey program, only one of the original airborne anomalies appears to be of continuing interest.

Participations in two new A.E.M. surveys in northwestern Ontario involving 400 and 393 line-miles respectively. Each of these areas involved the staking of a number of claim groups on which ground geophysical surveys were carried out during 1971. Further ground geophysical surveying remains to be done on certain portions of each of these projects early in 1972. Drilling started on certain anomalies on one of these projects late in 1971. By year-end only two holes had been completed and an extensive drilling program will be carried out on each of these projects in 1972.

A participation in the staking and exploration of 51 claims in the northern portion of the Sturgeon Lake mineral belt. After staking, this property was covered by A.E.M. surveys. A number of weak anomalies on the property are slated for blanket ground geophysical coverage early in 1972.

A participation in the exploration of two groups of optioned claims in the Timmins area. One of these groups is located adjacent to a small former high-grade nickel producer. Because of the prevalent deep overburden, Turam and magnetometer surveys were selected as the appropriate exploration technique. The surveys were completed at year-end.

A participation in the staking and preliminary exploration of two properties in the Timmins area. Each of these is favourably-located and has untested geophysical indications. Exploration will continue on these in 1972.

A participation in a prospecting program in northwestern Ontario.

**Manitoba and Saskatchewan:**

A continuing participation in a geophysical exploration program in southern Manitoba which resulted in the drilling of eight holes for a total of 2,538 feet. No economic mineralization was encountered.

A participation in an extensive exploration program on a large, lake-covered area near Flin Flon. Deeply-penetrating geophysical surveys outlined many anomalies which will be drilled during early 1972.

**Western Canada:**

A participation in four major joint-venture exploration programs in British Columbia. As a result of these programs there are targets for investigation by drilling in 1972.

**General:**

Your Company participated in various prospecting ventures organized by individual prospectors.

**GENERAL:**

Bullion revenue was again in 1971 adversely affected by the rise in value of Canadian currency in relation to United States currency. This was offset by a continued increase in productivity per manshift worked which resulted in unit cost being decreased to \$7.19 per ton milled compared with \$7.59 in 1970. Additionally some benefit was realized from gold sales on the free world markets which commenced with bullion produced after November 3rd, 1971.

Ore reserves showed a fractional increase of 2,620 tons over December 31, 1970. This was due mainly to increased tonnage broken and remaining in stopes.

Development work was continued at a slightly reduced rate from 1970 reflecting the gradual completion of development of known zones.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries, and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

MALCOLM A. TASCHEREAU,  
General Manager.

Val d'Or, Quebec,  
February 4, 1972.



# Sigma Mines (Quebec) Limited

(No Personal Liability)

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Total supplies and services .....	\$1,456,387
Total amount of wages and salaries .....	2,327,828
Provincial and Municipal taxes .....	47,098

## PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Amos	Haileybury	Rouyn
Arnprior	Hamilton	Sault Ste. Marie
Balmertown	Kirkland Lake	Scarborough
Belleville	Kitchener	Sorel
Burlington	McMasterville	South Porcupine
Cadillac	Malartic	St. Catharines
Cap-de-la-Madeleine	Mississauga	St. George
Clarkson	Montreal	Sudbury
Cooksville	New Liskeard	Swastika
Copper Cliff	Newmarket	Thornbury
Don Mills	Noranda	Thornhill
Dorval	North Bay	Thunder Bay
Downsview	Orillia	Timmins
Elliot Lake	Oshawa	Toronto
Englehart	Owen Sound	Val d'Or
Fort Erie	Pointe Claire	Waterloo
Galt	Port Hope	Welland
Granby	Quebec	Woodstock
Guelph	Rexdale	

## NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Quebec .....	18	167
Ontario .....	42	141
United States of America .....	7	7
	<u>67</u>	<u>315</u>



# **CAMPBELL RED LAKE MINES LIMITED**

## **Report to Shareholders**

For the Financial Year Ended December 31

**1971**



# CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

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## LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario  
(Post Office: Balmertown, Ontario, Canada)

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## ADDRESS OF THE CHAIRMAN OF THE BOARD

40 Wall Street, New York, N.Y. 10005.

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## HEAD OFFICE AND ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 105, Ont.

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## ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto 111, Ont.

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## REGISTRARS

Canada Permanent Trust Company  
320 Bay Street, Toronto 105, Ont.  
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

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## TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto 105, Ont.  
The Bank of New York, 48 Wall Street, New York, N.Y. 10015.

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## DIRECTORS

Clifford W. Michel	New York, N.Y.
William F. James	Toronto, Ont.
John K. McCausland	Toronto, Ont.
James B. Redpath	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.

## OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Fraser M. Fell
Assistant Secretary	John H. Hough
Treasurer	Edmund J. Andrecheck
General Manager	George E. Peacock
General Superintendent	Stewart M. Reid

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## AUDITORS

Clarkson, Gordon & Co., Toronto 111, Ont.

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## GENERAL COUNSEL

Fasken & Calvin  
Box 30, Toronto-Dominion Centre, Toronto 111, Ont.

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It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

## COMPARATIVE SUMMARY

	1971	1970
Tonnage Milled .....	303,045	262,021
Ounces Gold Produced .....	196,237	178,974
Average Price of Gold per ounce .....	\$42.14	\$37.64
Value of Bullion .....	\$8,244,956	\$6,778,840
Operating Costs .....	\$3,901,712	\$3,706,208
Net Income .....	\$2,717,054	\$1,942,193
Net Income per share .....	\$0.68	\$0.48
Current Assets .....	\$9,531,876	\$8,642,152
Current Liabilities .....	\$1,596,354	\$1,346,300
Working Capital .....	\$7,935,522	\$7,295,852
Number of Shareholders — December 31 .....	5,669	5,685
Dividends Declared .....	\$1,799,775	\$1,799,775
Dividends declared per share .....	\$0.45	\$0.45
Shares Issued .....	3,999,500	3,999,500

REPORT OF THE DIRECTORS  
of  
**Campbell Red Lake Mines Limited**  
(For the Financial Year Ended December 31, 1971)

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Toronto, Ontario,  
February 15, 1972.

To the Shareholders of  
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Changes in Financial Position, all certified by the Auditors of the Company and the Report of the General Manager, covering the financial year ended December 31, 1971.

The gross production for 1971 was 196,237 ounces of gold, as compared with 178,974 ounces for 1970.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was \$4,343,244. The non-operating revenue was \$527,435. These combined gave a total of \$4,870,679. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to \$2,153,625 leaving net income of \$2,717,054 as compared to \$1,942,193 a year ago.

Regular quarterly dividends were maintained at 11¼¢ per share. Therefore, the total dividends declared amounted to \$1,799,775 or 45¢ per share.

The tonnage milled during 1971 totalled 303,045 tons which represents an average milling rate of 830 tons per day. The yield per ton was 12.95 dwt. as compared with 13.66 dwt. in 1970.

The increase in earnings from the preceding year was due to a higher international gold price and a 15% increase in tonnage milled.

Ore reserves were maintained at 1,378,500 tons, with ore in place showing a grade of 13.92 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

No benefits were received under the Emergency Gold Mining Assistance Act as the cost per ounce of gold produced was lower than the amount required to qualify under the Act. As your Company was not eligible for such benefits, gold was sold on markets other than the Royal Canadian Mint. The average price received on all production was \$42.14 Canadian per ounce, as compared with \$37.64 per ounce in 1970, an increase of 12%.

Taxes under the Federal Income Tax Act of \$963,000, the Provincial Corporations Tax Act of \$285,000 and the Ontario Mining Tax Act of \$525,000 total \$1,773,000.

Participation in a widely based mineral exploration campaign in association with Dome Mines Limited, Sigma Mines (Quebec) Limited and Dome Petroleum Limited was made possible under the agreement whereby the campaign was directed by Dome Mines and in which your Company had a participation of 21% in all projects initiated after December 31, 1968. Exploration details are shown on page thirteen of this report.

Your Company continues to hold \$2 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures provide income and diversification inasmuch as they are convertible into common stock of Dome Petroleum at a new conversion price of \$28.25 per share, that company having split its stock on a three-for-one basis during the year. Dome Petroleum had a satisfactory year with unaudited financial statements showing a cash flow of \$15 million and net profits estimated at \$9.9 million, an increase of 23% over the preceding year.



Additional diversification is provided by your Company's participation in Panarctic Oils Ltd., which continues oil exploration in the Arctic Islands and reported that a third major gas discovery was made on December 10th at Kristoffer Bay on Ellef Ringnes Island.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"The year 1971 was eventful for gold. In the free market its price trended upward from the \$37-\$38 per ounce range early in the year to nearly \$44 by mid-August when the United States closed its 'gold window'. At that point in time, the U.S. gold reserves had fallen below \$10 billion, and official foreign central bank holdings of U.S. dollar claims had grown to several times that figure as U.S. Balance of Payments deficits persisted. By suspending the convertibility of these official dollar claims into gold at \$35 per ounce, the United States in effect had devalued its dollar against the stronger currencies of the free world. These currencies were then permitted to 'float' upward, away from the exchange rates fixed under the International Monetary Fund agreement. At first the U.S. stated it would not change the price of gold, but in December it announced that it would ask Congress to increase the official price to \$38 per ounce. This devaluation, which represents an 8.5% increase in the official price, becomes the pivot for currency revaluations of pound sterling and the French franc, but other stronger currencies, such as the German mark and Japanese yen, have floated upward by greater percentage amounts. As the U.S. has not yet increased the official price, it has created an uncertainty, during which time the free price of gold has been as high as \$49.75 per ounce. It is currently at \$48 reflecting international supply and demand. Even though the U.S. attempts to demonetize gold, the rest of the major free countries of the world now hold more than twice as much gold as the U.S. and seem not prepared to accept a monetary system that does not have gold at some fixed price as the measuring rod of other currencies."

During the year, Mr. Bryce R. MacKenzie for reasons of health, resigned from the Board and as Secretary of the Company. His helpful counsel, and long association with the Company will be missed by the Board of Directors. He was replaced by Mr. Fraser M. Fell, a senior partner of Fasken & Calvin, as Secretary and a Director. Mr. Fell was formerly an Assistant Secretary of the Company.

At this time your Directors wish to record their appreciation for the effective efforts of management and staff and for the continued loyal service which all employees rendered to the Company.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,  
Chairman.

JAMES B. REDPATH,  
President.

# CAMPBELL RED LAKE

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET

(with comparative figures for 1970)

### ASSETS

#### Current Assets:

	1971	1970
Cash, including bank term deposits .....	\$ 1,357,038	\$ 1,308,991
Bullion on hand and in transit, at net realizable value .....	722,219	482,859
Short term commercial paper, at cost .....	5,451,908	5,436,726
Marketable securities, at cost (schedule attached) .....	1,144,626	643,501
Accounts receivable (including accrued interest) .....	138,487	153,304
Mining and milling supplies, at cost .....	716,540	607,564
Prepaid expenses .....	1,058	9,207
	<u>9,531,876</u>	<u>8,642,152</u>

#### Investments (schedule attached) (note 2):

Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988 .....	2,000,000	2,000,000
Other .....	189,616	206,458
	<u>2,189,616</u>	<u>2,206,458</u>

#### Capital Assets:

Buildings, machinery and equipment, at cost .....	7,378,201	6,944,922
Less accumulated depreciation .....	6,424,043	6,307,276
	<u>954,158</u>	<u>637,646</u>
Mining claims and properties — acquired for 1,277,500 shares at .....	197,500	197,500
(no deduction has been made for ore mined)		
Townsite land, at cost .....	110,196	104,257
	<u>1,261,854</u>	<u>939,403</u>
	<u>\$12,983,346</u>	<u>\$11,788,013</u>

(See accompanying notes)

AUDITOR

To the Shareholders of  
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1971 and the related statements of income, earned surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

# CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

DECEMBER 31, 1971

(December 31, 1970)

## LIABILITIES

### Current Liabilities:

	1971	1970
Salaries and wages payable .....	\$ 103,154	\$ 94,386
Accounts payable .....	275,982	186,787
Accrued charges .....	87,750	75,842
Accrued taxes .....	679,524	539,341
Dividends payable .....	449,944	449,944
	<u>1,596,354</u>	<u>1,346,300</u>

Deferred Income Taxes .....	98,000	70,000
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### Capital and Surplus:

#### Capital —

##### Authorized:

4,000,000 shares of \$1 each

##### Issued:

3,999,500 shares .....	3,999,500	3,999,500
Discount (net) on shares issued .....	2,378,905	2,378,905

	1,620,595	1,620,595
Earned surplus .....	9,668,397	8,751,118
	<u>11,288,992</u>	<u>10,371,713</u>

On behalf of the Board:

J. B. REDPATH, Director.

F. M. FELL, Director.

	<u>\$12,983,346</u>	<u>\$11,788,013</u>
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(Financial statements)

REPORT

In our opinion these financial statements present fairly the financial position of Campbell Red Lake Mines Limited as at December 31, 1971, the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
January 28, 1972.

CLARKSON, GORDON & CO.,  
Chartered Accountants.



# Campbell Red Lake Mines Limited

## STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for 1970)

	1971	1970
<b>Revenue:</b>		
Bullion .....	\$ 8,244,956	\$ 6,778,840
<b>Expenditures:</b>		
Development (including shaft sinking expenditures of \$349,488 in 1971; \$413,800 in 1970) .....	846,189	958,734
Mining .....	1,585,754	1,376,473
Reduction .....	880,033	802,049
Refining and marketing .....	75,347	71,704
General and administrative .....	424,613	410,206
Taxes other than income .....	89,776	87,042
	3,901,712	3,706,208
	4,343,244	3,072,632
<b>Deduct:</b>		
Provision for depreciation (note 3) .....	175,988	149,133
Provision for tax under The Mining Tax Act .....	525,000	372,000
	700,988	521,133
<b>Operating profit</b> .....	3,642,256	2,551,499
<b>Add:</b>		
Interest on Dome Petroleum Limited income debentures .....	100,000	100,000
Other interest, etc. ....	427,177	521,859
Gain on disposal of investments .....	258	10,664
	4,169,691	3,184,022
Deduct outside exploration expenses .....	204,637	211,829
<b>Income before provision for income taxes</b> .....	3,965,054	2,972,193
Provision for income taxes (including deferred income taxes 1971 — \$28,000; 1970 — \$10,000):		
Federal .....	963,000	800,000
Provincial .....	285,000	230,000
	1,248,000	1,030,000
<b>Net income for the year</b> .....	\$ 2,717,054	\$ 1,942,193
<b>Net income per share</b> .....	\$ 0.68	\$ 0.48

(See accompanying notes to financial statements)

# Campbell Red Lake Mines Limited

## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for 1970)

Sources of working capital:	1971	1970
Operations —		
Net income for the year .....	\$ 2,717,054	\$ 1,942,193
Depreciation .....	175,988	149,133
Increase in deferred income taxes .....	28,000	10,000
Total from operations .....	2,921,042	2,101,326
Decrease in other investments .....	16,843	5,798
Total .....	2,937,885	2,107,124
Disposition of working capital:		
Dividends .....	1,799,775	1,799,775
Expenditures on capital assets (net) .....	498,440	170,888
Total .....	2,298,215	1,970,663
Net increase in working capital for year .....	\$ 639,670	\$ 136,461
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash .....	\$ 48,047	\$ 657,820
Bullion .....	239,360	(253,648)
Short term commercial paper .....	15,182	1,835,518
Marketable securities .....	501,125	(2,388,665)
Accounts receivable .....	(14,817)	(47,009)
Mining and milling supplies .....	108,976	48,234
Prepaid expenses .....	(8,149)	(8,422)
Total .....	889,724	(156,172)
Increase (decrease) in current liabilities —		
Salaries and wages payable .....	8,768	8,199
Accounts payable .....	89,195	47,527
Accrued charges .....	11,908	11,377
Accrued taxes .....	140,183	(159,761)
Dividends payable .....		(199,975)
Total .....	250,054	(292,633)
Net increase in working capital for year .....	639,670	136,461
Working capital, January 1 .....	7,295,852	7,159,391
Working capital, December 31 .....	\$ 7,935,522	\$ 7,295,852

(See accompanying notes to financial statements)

# Campbell Red Lake Mines Limited

## STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1971 (with comparative figures for 1970)

	1971	1970
Balance, January 1 .....	\$ 8,751,118	\$ 8,608,700
Add net income for the year .....	2,717,054	1,942,193
	11,468,172	10,550,893
Deduct dividends declared of 45¢ per share comprising four quarterly dividends of 11¼¢ each .....	1,799,775	1,799,775
Balance, December 31 .....	<u>\$ 9,668,397</u>	<u>\$ 8,751,118</u>

## SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS DECEMBER 31, 1971 (with comparative figures at December 31, 1970)

	Par value	Book value (note 2)	
		1971	1970
<b>Marketable Securities:</b>			
Government and government guaranteed short term securities (\$146,000 par value in 1970) .....	\$ 346,000	\$ 347,251	\$ 145,751
Corporate bonds (\$500,000 par value in 1970) .....	800,000	797,375	497,750
		<u>\$1,144,626</u>	<u>\$ 643,501</u>
(Quoted market values of above "Marketable Securities": 1971 — \$1,180,000; 1970 — \$663,000)			
<b>Investments:</b>			
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988 .....	\$2,000,000	\$2,000,000	\$2,000,000
Other —			
Local school and municipal debentures, at cost (\$25,000 par value in 1970) .....	18,500	18,407	24,861
Sundry .....		171,209	181,597
		<u>189,616</u>	<u>206,458</u>
		<u>\$2,189,616</u>	<u>\$2,206,458</u>
(Estimated market values of above "Investments" with debentures valued at their respective book values: 1971 — \$2,228,000; 1970 — \$2,239,000)			

(See accompanying notes to financial statements)

## NOTES TO FINANCIAL STATEMENTS December 31, 1971

- Emergency Gold Mining Assistance**  
The company received no credits during the year under the Emergency Gold Mining Assistance Act.
- Investments**  
Marketable securities and other investments are carried at cost except for certain shares in other mining companies which are carried at cost less amounts written off.
- Depreciation**  
Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.
- Remuneration of directors and officers**  
The total remuneration paid in respect of 1971 by the company to its directors and senior officers (defined by The Business Corporations Act, 1970 to include the five highest paid employees) amounted to \$104,474 (1970 — \$99,565).



# Campbell Red Lake Mines Limited

## REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1971 is submitted for your consideration.

During the year 339,130 tons were hoisted, of which 303,045 tons were ore and 36,085 tons were waste.

The 303,045 tons of ore milled yielded bullion containing 196,237 ounces of gold, the average yield being 0.6476 ounces or 12.95 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at the current exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all production during the year averaged \$42.14 Canadian per ounce.

### MINING:

In all, 276,933 tons of a grade of 14.48 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 122,800 tons remains in the stopes, an increase of 1,400 tons from the previous year.

The main stoping operations were above the 15th or 2,200-foot level. Ore removed by cut-and-fill mining decreased from 28% to 26% of the total ore mined.

### DEVELOPMENT:

Development was distributed from the 3rd to the 20th level. Of this work 62% was drifting and raising in known ore zones. The other 38% included 415 feet driven in waste, on the 19th level, towards the "G" Zone.

The main production shaft was deepened 426 feet with stations being established at the 27th, 27th Crusher Station and the 27th Loading Pocket Levels.

### SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1971

Level	Shaft	Drifts	Crosscuts	Raises	Slabbing	Totals	Diamond Drilling
Surface .....	.....	.....	.....	.....	.....	.....	.....
1st .....	.....	.....	.....	.....	.....	.....	.....
2nd .....	.....	.....	.....	.....	.....	.....	.....
3rd .....	.....	598	.....	.....	60	658	904
4th .....	.....	404	.....	316	267	987	7,459
5th .....	.....	.....	.....	.....	.....	.....	3,795
6th .....	.....	202	169	.....	33	404	158
7th .....	.....	402	.....	730	95	1,227	1,726
8th .....	.....	129	.....	.....	17	146	.....
9th .....	.....	181	.....	200	84	465	649
10th .....	.....	.....	.....	.....	.....	.....	2,951
11th .....	.....	.....	.....	140	12	152	743
12th .....	.....	68	.....	.....	2	70	742
13th .....	.....	.....	72	85	5	162	540
14th .....	.....	.....	.....	.....	.....	.....	441
15th .....	.....	425	60	.....	112	597	1,143
16th .....	.....	317	63	.....	41	421	500
17th .....	.....	854	.....	.....	115	969	3,820
18th .....	.....	701	.....	182	172	1,055	250
19th .....	.....	767	.....	.....	66	833	3,237
20th .....	.....	45	.....	96	28	169	275
21st .....	.....	.....	.....	.....	.....	.....	1,441
22nd .....	.....	.....	.....	.....	.....	.....	.....
SHAFT .....	426	.....	.....	.....	.....	426	.....
Totals .....	426	5,093	364	1,749	1,109	8,741	30,774

In addition, 144,538 Cubic Feet of Rock Work was completed in the 27th Level Station, Sump and Crusher Level, and 27th Loading Pocket.

136 feet of Ore Pass and 273 feet of Waste Pass were driven from the 27th Loading Pocket.

Diamond drilling totalling 30,774 feet was done as a guide to development and mining.

The table on page eleven shows details of development and diamond drilling completed during the year.

#### ORE PRODUCTION:

The mine produced 303,045 tons of ore during the year which averaged 14.17 dwt. The stopes produced 276,933 tons averaging 14.48 dwt. and development work produced 26,112 tons averaging 10.85 dwt.

#### ORE RESERVES:

The ore reserves are estimated at 1,378,500 tons, an increase of 2,500 tons over last year. The ore reserves include 122,800 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1971 is as follows:

#### SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1971
Surface to 1st Level .....	2,100	11.52	.....	258,136
1st Level to 2nd Level .....	7,800	11.65	1,600	335,308
2nd Level to 3rd Level .....	15,800	12.93	.....	371,132
3rd Level to 4th Level .....	16,100	11.68	100	496,841
4th Level to 5th Level .....	26,500	12.12	3,600	492,314
5th Level to 6th Level .....	60,400	15.51	3,800	473,051
6th Level to 7th Level .....	80,800	13.07	1,200	541,897
7th Level to 8th Level .....	52,400	11.61	36,800	502,121
8th Level to 9th Level .....	51,600	14.52	13,300	358,034
9th Level to 10th Level .....	98,900	15.06	51,900	239,841
10th Level to 11th Level .....	100,600	16.15	400	101,963
11th Level to 12th Level .....	90,600	15.13	100	92,884
12th Level to 13th Level .....	175,300	14.42	5,800	84,609
13th Level to 14th Level .....	163,100	15.41	3,700	96,740
14th Level to 15th Level .....	129,300	12.52	500	53,029
15th Level to 16th Level .....	108,000	11.92	.....	2,669
16th Level to 17th Level .....	39,300	12.62	.....	.....
17th Level to 18th Level .....	37,100	9.98	.....	.....
	1,255,700	13.92	122,800	4,500,569

Ore in Place ..... 1,255,700

Broken Ore ..... 122,800

1,378,500

Increase over 1970 is 2,500 tons.

**MILL:**

The following are the results of milling operations:

Tons of ore treated .....	303,045 tons
Average tons per calendar day .....	830 tons
Average grade of ore treated .....	14.17 dwt. per ton
Recovery .....	12.95 dwt. per ton
Recovery percentage .....	91.40%

**COSTS:**

The expenditure on mining was \$1,585,754 or \$5.23 per ton milled.

The expenditure on development (excluding shaft sinking) was \$496,701 or \$1.64 per ton milled.

Operating costs (including Mint handling charges and shaft sinking) were \$12.88 per ton milled.

**CAPITAL EXPENDITURES:**

Net capital expenditures for the year were \$498,439. This amount includes new hoist motors, underground rolling stock, loading pocket equipment for the shaft extension, and additions to living facilities for employees.

The details of changes in plant buildings, equipment and townsite land are as follows:

Additions:

Mine equipment .....	\$ 120,990
Reduction buildings and equipment .....	28,665
Surface buildings and equipment .....	342,845
	<u>\$ 492,500</u>
Plus townsite land purchase .....	5,939
Total Increase .....	<u>\$ 498,439</u>

**EXPLORATION:**

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in those projects which originated before January 1, 1969 and a 21% interest in the substantially increased exploration campaign which started on January 1, 1969:

**Quebec:**

A participation in a regional geochemical reconnaissance of a portion of southern Quebec. A number of claim groups were staked and some of them were covered by ground geophysical surveys. Drilling was carried out on one of the very low-grade copper occurrences which was found as a result of this program but no economic mineralization was encountered.

A participation in the staking and exploration of a property along a particularly favourable portion of the northwestern Quebec volcanic belt. The staked area is one which is deeply overburden-covered and which has apparently never before been tested by modern geophysical exploration techniques. Deep-searching geophysical surveys disclosed a number of conductors which will be drilled in 1972.

**Ontario:**

A participation in a continuing exploration program based on the follow-up of an airborne geophysical survey in a favourable volcanic belt in northwestern Ontario. During 1971 a drilling program involving 15 holes for a total of 4,885 feet was completed on selected anomalies. No economic mineralization was found but some very minor mineralization encountered late in the program will be followed up in 1972 by further drilling.



A continuing participation in an exploration program based on an A.E.M. survey of a 500-square mile area of northeastern Ontario. An intensive ground survey program outlined a number of previously untested anomalies in the desired geologic setting. Drilling of these, involving eight holes for 2,570 feet, did not disclose any economic mineralization.

A continuing participation in the exploration of two optioned claim groups in the Sturgeon Lake area of northwestern Ontario. During 1971 detailed geophysical surveys were carried out over these properties but no drill targets were found.

A continuing participation in the exploration of a "porphyry copper" prospect in northwestern Ontario. Detailed induced polarization and magnetometer surveys were carried out during the year. This program outlined drill targets and, as a result, thirteen holes for a total of 5,579 feet were drilled. Extensive zones of submarginal grade copper mineralization were encountered.

A participation in a new A.E.M. survey of an area near Timmins. This survey, which involved 513 line-miles, resulted in the discovery of only a few weak anomalies. After an extensive ground geophysical survey program, only one of the original airborne anomalies appears to be of continuing interest.

Participations in two new A.E.M. surveys in northwestern Ontario involving 400 and 393 line-miles respectively. Each of these areas involved the staking of a number of claim groups on which ground geophysical surveys were carried out during 1971. Further ground geophysical surveying remains to be done on certain portions of each of these projects early in 1972. Drilling started on certain anomalies on one of these projects late in 1971. By year-end only two holes had been completed and an extensive drilling program will be carried out on each of these projects in 1972.

A participation in the staking and exploration of 51 claims in the northern portion of the Sturgeon Lake mineral belt. After staking, this property was covered by A.E.M. surveys. A number of weak anomalies on the property are slated for blanket ground geophysical coverage early in 1972.

A participation in the exploration of two groups of optioned claims in the Timmins area. One of these groups is located adjacent to a small former high-grade nickel producer. Because of the prevalent deep overburden, Turam and magnetometer surveys were selected as the appropriate exploration technique. The surveys were completed at year-end.

A participation in the staking and preliminary exploration of two properties in the Timmins area. Each of these is favourably-located and has untested geophysical indications. Exploration will continue on these in 1972.

A participation in a prospecting program in northwestern Ontario.

#### **Manitoba and Saskatchewan:**

A continuing participation in a geophysical exploration program in southern Manitoba which resulted in the drilling of eight holes for a total of 2,538 feet. No economic mineralization was encountered.

A participation in an extensive exploration program on a large, lake-covered area near Flin Flon. Deeply-penetrating geophysical surveys outlined many anomalies which will be drilled during early 1972.

#### **Western Canada:**

A participation in four major joint-venture exploration programs in British Columbia. As a result of these programs there are targets for investigation by drilling in 1972.

#### **General:**

Your Company participated in various prospecting ventures organized by individual prospectors.

**GENERAL:**

The daily milling rate was increased by 15% to 830 tons per day.

Due to increased tonnage, unit operating costs showed a decrease despite the increased costs of labour and supplies. Development costs remain high due to our shaft deepening program. Ore reserves were maintained.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

In conclusion my sincere thanks and appreciation are extended to Mr. Stewart Reid, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEO. E. PEACOCK,

General Manager.

Balmertown, Ontario,

February 9, 1972.

# Campbell Red Lake Mines Limited

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Total supplies and services .....	\$3,295,963
Total amount of wages and salaries .....	1,971,909
Income taxes .....	1,248,000
Other taxes (Provincial and Municipal) .....	614,776

## PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Atikokan	Fort Erie	North Vancouver	St. Boniface
Balmertown	Galt	Oakville	St. Catharines
Belleville	Gananoque	Orillia	St. Hyacinthe
Brantford	Guelph	Ottawa	St. James
Burlington	Hagersville	Peterborough	Sudbury
Calgary	Haileybury	Pointe Claire	Thornbury
Clarkson	Hamilton	Portage La Prairie	Thunder Bay
Cooksville	Kenora	Port Credit	Toronto
Cowansville	Kitchener	Red Lake	Vancouver
Don Mills	Lachine	Rexdale	Vermilion Bay
Dorval	Lakefield	Richmond Hill	Weston
Downsview	La Salle	Sarnia	Willowdale
Dryden	Montreal	Sault Ste. Marie	Windsor
Englehart	North Bay	Scarborough	Winnipeg

## NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
British Columbia .....	2	5
Manitoba .....	4	77
Ontario .....	42	166
Quebec .....	7	29
Alberta .....	1	2
United States of America .....	4	6
	<u>60</u>	<u>285</u>









